

FISCAL IMPACT STATEMENT ON BILL NO. **S.355 with Proposed W&MC Amendment**  
(Doc. No. 5255ac07)

TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell, Allan Kincaid & Beth Campbell		
DATE:	April 18, 2007	SBD:	2007327

---

AUTHOR:	House Ways and Means Committee	PRIMARY CODE CITE:	1-3-240
SUBJECT:	Department of Transportation - Restructuring		

---

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:  
A Cost of Federal and/or Other Funds (See Below)

---

**BILL SUMMARY:**

Senate Bill 355, with proposed Ways & Means Committee amendment, would provide that the Governor shall appoint the executive director of the Department of Transportation. The Department would be governed by a seven member board elected by the General Assembly.

**EXPLANATION OF IMPACT:**

Senate and House of Representatives

The Legislature indicates there will be an additional cost to the General Fund for the proposed Bill. The Transportation Review Committee will consist of 10 members, with 6 legislators and 4 non-legislators. The cost per legislator per one-day meeting is \$235 per person, and the cost per non-legislator per one-day meeting is \$190. The total cost will be \$2,170 per one-day meeting. All other costs and expenses must also be paid from the General Fund of the State.

Department of Transportation

The Department anticipates that the increased responsibilities for the commission will result in the need for additional monthly meetings. This factor in conjunction with the \$1,000 per month for commissioners' district expenses (57-1-350 (C)) is estimated to increase expenses by \$42,000 annually.

The Department anticipates the cost of salary and fringe for an ethics compliance officer (as required by section 57-3-20 (4) (a)) at \$75,350. Mandatory training for all 4,900 DOT employees is estimated to cost \$336,000 the first year of implementation to include travel, course development, and instruction delivered at the district offices. Training costs should be less in subsequent years. Cost for the annual financial report as required by section 57-3-20 (5) is estimated at \$60,000. Total additional cost to the Department to be covered with fuel tax revenue (other funds) is estimated at \$513,350 the first year.

State Budget and Control Board

Section 6 of the Bill revises the Department of Transportation's exemption from the Procurement Code to exempt projects receiving federal and other specific sources of funding. However, Section 7 of the Bill requires the Board to verify that exemptions contained in Section 6 for the Department are valid. The cost of conducting the procurement audits will depend on the number and nature of projects subject to the exemption which is not readily available at this time.

### Legislative Audit Council

Section 17 of the Bill requires the Legislative Audit Council (LAC) to contract for an independent performance and compliance audit of certain divisions of the Department of Transportation. A review of this section by the Legislative Audit Council indicates the cost to conduct a performance and compliance audit would be between \$550,000 and \$1,100,000. The LAC would also need between \$15,000 and \$30,000 to administer the contract. The Bill does not specify the frequency at which any additional audits must be conducted. However, any additional performance and compliance audits would have the same cost as the initial audit. The Bill states these costs would be an operating expense of the Department of Transportation paid directly to the LAC.

### Recapitulation

The impact on the General Fund of the State depends on the number of meetings of the Transportation Review Committee and the number and nature of DOT construction, maintenance and repair projects subject to federal laws and regulations or funded from specific sources. DOT expenses paid with fuel tax revenue (other funds), including the cost of the performance and compliance audit, are estimated at between \$1,078,350 and \$1,643,350 the first year of implementation.

### **LOCAL GOVERNMENT IMPACT:**

None.

### **SPECIAL NOTES:**

Section 5 of the Bill would have an impact on the General Fund of the State. The Board of Economic Advisors is the appropriate entity to address the revenue impact associated with this or any other Bill.

Approved by:

A handwritten signature in black ink that reads "Harry Bell". The signature is written in a cursive, slightly stylized font.

Harry Bell  
Assistant Director, Office of State Budget